

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LAKE COLUMBIA ESTATES)
SEWER SYSTEM FOR APPROVAL OF THE TRANSFER) CASE NO. 95-175
OF ASSETS TO LAKE COLUMBIA UTILITIES, INC.)

O R D E R

On September 11, 1995, Lake Columbia Utilities, Inc. applied to the Commission for authority to acquire the sewer system owned by Lake Columbia Estates. Lake Columbia Estates has used this sewer system to provide service to the residents of Lake Columbia Estates in northern Bullitt County since February 1971. Lake Columbia Estates currently contracts with Andriot-Davidson Company to operate the sewer system, which serves 24 residential customers.

Lake Columbia Estates and Lake Columbia Utilities have entered into a purchase agreement which controls the proposed transfer. In relevant part, Lake Columbia Estates will convey the sewer system and its accompanying 2.418 acres of property to Lake Columbia Utilities. In exchange, Lake Columbia Utilities will assume full responsibility for the maintenance, licensing, and operation of the sewer system. Lake Columbia Utilities will continue to contract with Andriot-Davidson Company to operate the sewer system and it will remain under the supervision of the current licensed operator. There will be no disruption in service or any additional charges to persons served by the sewer system. Lake Columbia Estates' tariff, currently on file with the Commission, will be adopted by Lake

Columbia Utilities in its entirety after the transfer of the sewer system.

According to KRS 278.010(3)(f), Lake Columbia Estates is a utility and as such is subject to the Commission's jurisdiction pursuant to KRS 278.040. After the transfer of the sewer system is completed, Lake Columbia Utilities will be a utility within the definition of KRS 278.010(3)(f) and therefore subject to the Commission's jurisdiction.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval.

Based on the evidence of record, the Commission finds that the proposed transfer of the sewer system from Lake Columbia Estates to Lake Columbia Utilities is feasible, is in the public interest, and is consistent with KRS 278.020(4) and (5). The transfer will not work to the detriment of those persons served by the sewer system, nor will rates increase as a result of the transfer. The Commission also finds that Lake Columbia Utilities has the financial, technical, and managerial abilities to operate the sewer system, through an experienced contract operator, so that the customers presently served by Lake Columbia Estates will continue to receive adequate and reasonable sewage service.

IT IS THEREFORE ORDERED that:

1. The transfer of the sewer system owned by Lake Columbia Estates to Lake Columbia Utilities, as set out in the application filed in this proceeding and in the modified purchase agreement entered by the parties, is hereby approved.

2. Lake Columbia Utilities shall notify the Commission within ten days of the date of closing of the proposed transfer or, in the alternative, shall notify the Commission if the proposed transfer does not occur.

3. Within 10 days of the date of closing of the proposed transfer, Lake Columbia Utilities shall file an updated adoption notice pursuant to 807 KAR 5:011, Section 11, which states that it "adopts, ratifies, and makes its own" all tariffs and supplements of Lake Columbia Estates currently on file with the Commission.

4. Within 30 days of the date of closing of the proposed transfer, Lake Columbia Utilities shall file with the Commission a list of all assets received from Lake Columbia Estates in the transfer.

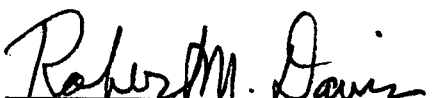
5. Within 30 days of the date of closing of the proposed transfer, Lake Columbia Utilities shall file with the Commission the accounting entries used to record the transfer.

Done at Frankfort, Kentucky, this 20th day of May, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director